

26 August 1953

MEMORANDUM FOR: Colonel White

SUBJECT : Organizational Proposal Affecting Personnel
and Training

1. During the past ten years or so organization planners and management experts, generally, have participated in a great volume of discussion concerning the place of the personnel unit in the over-all structure of an organization, whether business or government. The preponderant body of opinion is expressed in the following quotation:

"It is axiomatic that for best functioning the senior personnel officer of a company should be established at the senior (administrative) staff level. Specifically, this means that he should be removed no more than one intermediary from the principal officer of the firm. (Ordinarily he should have direct access to the principal officer, but in large organizations the requirements of the principle of span of control may make it necessary that the director of employee relations report to an executive vice-president or other officer functioning in the capacity of chief of staff to the principal officer.)" (Mee, "Personnel Handbook," page 75.)

2. The Personnel Policy Committee of the Hoover Commission reported its belief that the chief personnel officials of Federal agencies should report to the head of the agency or to a key official in the echelon immediately below. In any case, the Committee felt that "the Director of Personnel, the Director of Budgets, and the Director of Organization and Methods should occupy an equal organizational status." The Committee stated that if there

- 2 -

was an officer vested with "top" management responsibilities, then his job should comprise "responsibility for administrative management throughout the agency, including personnel, budgeting, management staff services, and general office services." The Committee made it clear that it conceived of this official's responsibilities as excluding any direction or supervision over an agency's operating program.

3. Whereas, a few years ago there was almost unanimous opinion among management people that the chief personnel official should report to the head of the organization, a significant shift has taken place. The more prevalent viewpoint is that the chief personnel man should report to the chief administrative officer and not the chief executive officer. This is because the former has the burden of responsibility for planning the controlling policies affecting the procurement and use of resources (human, fiscal and material) required to accomplish the organization's aims. The Personnel Director, together with the Budget Director and the Materiel Chief, are all ~~essential~~ staff arms in the execution of these planning functions. Such functions as establishing and controlling personnel authorizations, position classification, organizational surveying, space procurement, materiel supply, budget preparation and execution are so interrelated and require such close coordination that business and public experience both argue in behalf of common direction. To separate one of these functional elements is to run serious risks of weakened coordination and, consequently, of a poorly unified administrative program.

4. An argument which was previously given much weight for putting the personnel officer directly under the head of the company or agency was the need for securing prompt action from an authoritative level when pressing personnel problems arose. In practice, however, this often meant burdening the number one man, already preoccupied with numerous operating problems, with a whole series of new problems. This does not mean that the agency head must be insulated from the function of deciding on personnel matters. It merely means that such problems have been screened from among others which can be resolved otherwise.

5. In summary, I doubt the wisdom of the proposal depicted on the chart attached. I do feel that the training function represents an integral portion of a general personnel management program, and feel that this should be organizationally reorganized for more effective operation.

25X1A

DB/4 chrono